



BIG LABOR'S HYPOCRISY ON SOCIAL SECURITY

Labor Unions Attack Efforts To Strengthen Social Security

While Many Of Its Members Not Even Participating In Social Security System

**BIG LABOR ATTACKING PRESIDENT'S EFFORTS TO STRENGTHEN SOCIAL SECURITY
WHILE MANY OF ITS MEMBERS ARE NOT EVEN IN SOCIAL SECURITY SYSTEM**

AFSCME Attacking President's Efforts To Strengthen Social Security:

American Federation Of State, County And Municipal Employees (AFSCME) Will Contribute \$1 Million To Americans United To Protect Social Security. (Jeffrey H. Birnbaum, "Group To Coordinate Attack On Bush Plan," *The Washington Post*, 2/25/05)

"At The Urging Of Democratic Leaders In Congress, A Few Political Campaign Veterans Have Formed Americans United To Protect Social Security. The Nonprofit Organization, With Close Ties To Organized Labor, Plans To Raise \$25 Million To \$50 Million To Pressure Lawmakers To Vote Against Bush's Proposal." (Jeffrey H. Birnbaum, "Group To Coordinate Attack On Bush Plan," *The Washington Post*, 2/25/05)

- **Paul Tewes, Former Political Director Of The DSCC And Steve Hildebrand, Who Ran Tom Daschle's 2004 Campaign, Will Run The Group.** (Jeffrey H. Birnbaum, "Group To Coordinate Attack On Bush Plan," *The Washington Post*, 2/25/05)
- **Brad Woodhouse, Former Jon Corzine (D-NJ) Aide, Will Be Communications Director.** (CNN's "The Morning Grind," 2/25/05)

Local AFSCME Efforts At Work To Attack Efforts To Strengthen Social Security:

AFSCME Council 93 Of Massachusetts Asks It's Members To Sign A Petition Opposing The President's Plan To Strengthen Social Security And Touts Fact AFSCME Is Making Two Million Calls To Oppose President's Plan. (AFSCME Council 93 Website, <http://www.afscmecouncil93.org/>, Accessed 3/1/05)

AFSCME Council 8 In Columbus, Ohio Says "Hands Off Social Security." (AFSCME Council 8 Website, <http://www.afscmeohiocouncil8.org/>, Accessed 3/1/05)

Florida AFSCME Council 79 Warns "White House Moves Forward On Plan To Destroy Social Security." (AFSCME Council 79 Website, <http://www.afscmefl.org/congress.htm>, Accessed 3/1/05)

- **AFSCME Estimated That More Than 61,800 Florida Workers Were Not Covered By Social Security.** (Cathie Eitelberg, Alexander Sussman, and Leslie Thompson, "The Cost Impact Of Mandating Social Security For State And Local Governments," *The American Federation Of State, County, And Municipal Employees*, 5/99)

Nebraska Local 251 Warned President's Plan Would Result In Benefit Cuts. "Here's what the Bush plan will mean for your retirement ... If you retire in 2022, Bush will cut your benefits by almost 10 percent. If you retire in 2042, Bush will cut your benefits by more than 25 percent. In 2075, our children and grandchildren will face a staggering cut of 46 percent to their benefits." (AFSCME Local 251 Website, "Take Action to Protect Social Security," <http://www.local251.com/news.php>, Posted 1/5/05, Accessed 3/1/05)

- **AFSCME Estimated That More Than 10,200 Nebraska Workers Were Not Covered By Social Security.** (Cathie Eitelberg, Alexander Sussman, and Leslie Thompson, "The Cost Impact Of Mandating Social Security For State And Local Governments," *The American Federation Of State, County, And Municipal Employees*, 5/99)

Many AFSCME Members Not Even In The Social Security System:

About 25 Percent Of State And Local Government Employees Are Not Covered By Social Security. (American Federation Of State, County And Municipal Employees, "AFSCME Criticizes Unfair Social Security Offsets For Public-Sector Retirees," Press Release, 1/10/03)

- **"[A]pproximately 5 Million Workers, Who Have Annual Salaries Totalling Roughly \$132.5 Billion, Remain Outside The Social Security Program."** (Carrie Lips, "State And Local Government Retirement Programs: Lessons In Alternatives To Social Security," Cato Institute, 3/17/99, p. 2)

90 Percent Of The State And Local Government Jobs Offer "A Defined Benefit (DB) Plan As Their Primary Retirement Benefit; Defined-Contribution (DC) Plans Serve As The Primary Retirement Benefit For Most Others." Most public employees that participate in a Defined Benefit plan also have access to a "supplemental, voluntary" Defined Contribution plan. (National Association Of State Retirement Administrators, "Overview Of Plan Types And Their Use Among Statewide Retirement Systems," <http://www.nasra.org/resources/NASRA%20DC%20Fact%20Sheet.pdf>, Accessed 2/8/05)

- **Defined-Contribution Plans Offer "Greater Returns And Individual Ownership Of Their Retirement Savings."** (Carrie Lips, "State And Local Government Retirement Programs: Lessons In Alternatives To Social Security," Cato Institute, 3/17/99, p. 2)

STATE AND LOCAL PENSION PLANS BETTER FOR WORKERS THAN SOCIAL SECURITY

AFSCME Believes State & Local Plans Are More Flexible:

AFSCME Says Social Security Does Not Take Into Account Needs Of Diverse Public-Sector Workforce. "Unlike Social Security, pension benefit programs for public employee groups are generally designed to provide benefits that coordinate with the work-life cycles of plan participants." (Cathie Eitelberg, Alexander Sussman, and Leslie Thompson, "The Cost Impact Of Mandating Social Security For State And Local Governments," The American Federation Of State, County, And Municipal Employees, 5/99)

- **Some Government Workers, Including Police Workers, Would Have To Wait Years For Retirement Under Social Security.** "If Social Security participation is to be mandatory for new hires, it would be likely that a policeman, for example, who retires at age 55 after completing 25 years of service would have to wait seven years to be eligible for an early retirement Social Security pension at age 62." (Cathie Eitelberg, Alexander Sussman, and Leslie Thompson, "The Cost Impact Of Mandating Social Security For State And Local Governments," The American Federation Of State, County, And Municipal Employees, 5/99)
- **Therefore, "Shifting Funding Away From These Existing Plans To Social Security ... Is Unwise And Disruptive."** (Cathie Eitelberg, Alexander Sussman, and Leslie Thompson, "The Cost Impact Of Mandating Social Security For State And Local Governments," The American Federation Of State, County, And Municipal Employees, 5/99)

Unions Allow Employees To Invest In Market:

"The Unions Want The American People To Believe What They Say About Social Security And Not To Pay Attention To What They Do About Their Own Retirement Plans." (Steven Silbiger, "AFL-CIO Hypocrisy," *National Review*, 10/31/02)

American Federation Of Teachers Gives Employees 23 Percent Of Their Salary "To Invest In Almost Any Way They Please." (Steven Silbiger, "AFL-CIO Hypocrisy," *National Review*, 10/31/02)

Third Parties Say Workers Get A Better Deal In Current Pension Plans:

State And Local Retirement Plans Provide "More Benefits ... And Plan Payout Than Does Social Security." (Carrie Lips, "State And Local Government Retirement Programs: Lessons In Alternatives To Social Security," Cato Institute, 3/17/99, p. 1)

- **"[N]on-FICA Plans Replace A Higher Percentage Of Pre-Retirement Income Than Social Security."** (William E. Even and David A. Macpherson, "Local Solutions To A National Problem: How Non-FICA State and Municipal Pension Plans Offer Prototypes For Social Security Reform (Draft)," 12/96, Third Millennium, p. 1)
- **"[N]on-FICA Workers Can Expect To Receive All Of Their Contributions Back Plus Interest Whereas Workers In The Social Security System Will Not Even Receive Benefits That Match Their Contributions."** (William E. Even and David

A. Macpherson, "Local Solutions To A National Problem: How Non-FICA State and Municipal Pension Plans Offer Prototypes For Social Security Reform (Draft)," 12/96, Third Millennium, p. 1)

- **"[E]mployees Can Expect A Much Higher Rate Of Return On Contributions In The Non-FICA Pensions."** (William E. Even and David A. Macpherson, "Local Solutions To A National Problem: How Non-FICA State and Municipal Pension Plans Offer Prototypes For Social Security Reform (Draft)," 12/96, Third Millennium, p. 1)
- **"[T]he Average Non-FICA Pension Will Generate A Benefit That Is Between 3.3 And 7.5 Times The Annual Benefit Of Social Security ..."** (William E. Even and David A. Macpherson, "Local Solutions To A National Problem: How Non-FICA State and Municipal Pension Plans Offer Prototypes For Social Security Reform (Draft)," 12/96, Third Millennium, p. 1)

Several State & Local Programs Get Better Returns For Workers:

As Of 1999, San Diego Offered 8,000 Employees A Mandatory Defined-Contribution Plan. (Carrie Lips, "State And Local Government Retirement Programs: Lessons In Alternatives To Social Security," Cato Institute, 3/17/99, p. 6)

- **As Of 1999: "The Lowest-Risk Managed Income Fund Has Provided An Average Nominal Rate Of Return Of More Than 8 Percent Over The Last 15 Years."** (Carrie Lips, "State And Local Government Retirement Programs: Lessons In Alternatives To Social Security," Cato Institute, 3/17/99, p. 7)
- **As Of 1999, San Diego Municipal Employee Would Have Approximately \$1,000 More In Benefits Than Would Have If Had Been Subject To Social Security.** (Carrie Lips, "State And Local Government Retirement Programs: Lessons In Alternatives To Social Security," Cato Institute, 3/17/99, p. 8)

As Of 1999, 1,500 Galveston County Employees Were Exempt From Social Security. (Carrie Lips, "State And Local Government Retirement Programs: Lessons In Alternatives To Social Security," Cato Institute, 3/17/99, p. 8).

- **"[T]he Average Yearly Nominal Rate Of Return Received On This Risk-Free Investment Has Been Approximately 8.64 Percent."** (Carrie Lips, "State And Local Government Retirement Programs: Lessons In Alternatives To Social Security," Cato Institute, 3/17/99, p. 9)
- **1999 Estimate Said Galveston Employee Earning \$30,000 Could Receive Between Approximately \$200 And \$1,000 More Per Month Than Under Social Security Program.** (Carrie Lips, "State And Local Government Retirement Programs: Lessons In Alternatives To Social Security," Cato Institute, 3/17/99, p. 9)

Ohio Offers Public Employees An Alternative To Social Security. (Carrie Lips, "State And Local Government Retirement Programs: Lessons In Alternatives To Social Security," Cato Institute, 3/17/99, p. 13).

- **A "PERS Participant Retiring At 53 Receives Almost Twice The Retirement Benefit Received By A Worker Participating In Social Security Who Retires At Age 62."** (Carrie Lips, "State And Local Government Retirement Programs: Lessons In Alternatives To Social Security," Cato Institute, 3/17/99, p. 14)

As Of 1999, Nearly 110,000 Massachusetts Teachers Did Not Pay Into Social Security. (Carrie Lips, "State And Local Government Retirement Programs: Lessons In Alternatives To Social Security," Cato Institute, 3/17/99, p. 10)

- **Massachusetts Pension Administrator Said Did Not Want To Bring Workers Under Social Security System Because Did Not Want To Lose "Excellent Public Pension System."** "There has been discussion of including the seven states, which are currently not part of the Social Security System, into the system. We are opposed to this idea. We in Massachusetts have an excellent public pension system, which we do not want to lose." (Donald R. Marquis, Remarks To The White House Conference On Social Security, Washington, DC, 12/8/98)
- **Marquis Outlined Several Reasons Why Massachusetts Workers Shouldn't Be Forced Into Social Security, Including "Our Benefits Are Much Better Than Those Under Social Security."** (Donald R. Marquis, Remarks To The White House Conference On Social Security, Washington, DC, 12/8/98)